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FINANCIAL SITUATION OF UNIDO

Request from Lithuania for restoration of voting rights based on payment plan

Note by the Director-General

Draws the attention of the Conference to a request from Lithuania for restoration of voting rights based on a payment plan agreement and provides information on the status of payments.

Introduction

1. A letter dated 2 September 2003 from the Minister of Foreign Affairs of Lithuania requesting a decision by the General Conference on the restoration of voting rights is shown in the annex to the present document. The letter was also circulated to permanent missions with an information note on 10 September 2003.

I. PAYMENT PLAN AND STATUS OF PAYMENTS

2. Since joining the Organization in 1991, payments from Lithuania amounting to €906,216 have been received. On 1 January 2003, the outstanding assessed contributions amounted to €434,241, for which a payment plan agreement was concluded, signed by Lithuania on 6 March 2003 and by UNIDO on 7 April 2003, for a five-year period. The agreement is in accordance with the terms for payment plans outlined in the report of the open-ended discussion group on timely payment of assessed contributions (IDB.19/12 and Corr.1), adopted by the Industrial Development Board in decision IDB.19/Dec.5. As stipulated in the agreement, the first instalment of €98,920 was paid by Lithuania on 12 June 2003, making the plan operational.

II. VOTING RIGHTS

3. Article 5.2 of the UNIDO Constitution stipulates that any organ may permit a Member in arrears to vote in that organ if it is satisfied that the failure to pay is due to conditions beyond the control of the Member. Voting rights are governed by the respective rules of procedure of the governing bodies (rule 91 of the General Conference, rule 50 of the Industrial Development Board and rule 42 of the Programme and Budget Committee). In its report to the Board, the open-ended discussion group on timely payment of assessed contributions states: "When considering applications for the restoration of voting rights, the competent body should regularly take into account the state of payments made under an agreed payment plan" (IDB.19/12 and Corr.1, para. 14).

For reasons of economy, this document has been printed in a limited number. Delegates are kindly requested to bring their copies of documents to meetings.

III. ACTION REQUIRED OF THE CONFERENCE

4. The Conference may wish to consider adopting the following draft decision:

"The General Conference:

"(a) Recalls the report of the open-ended discussion group on timely payment of assessed contributions (IDB.19/12 and Corr.1), in particular paragraphs 13 and 14;

"(b) Also recalls Board decision IDB.19/Dec.5 and General Conference decision GC.9/Dec.12;

"(c) Welcomes the commitment of Lithuania to settle its arrears, as reported in document GC.10/11;

"(d) Gives satisfaction to the request by Lithuania for the restoration of its voting rights in accordance with Article 5.2 of the UNIDO Constitution;

"(e) Takes note of the signature of a payment plan agreement and encourages Lithuania to pay regularly its instalments in line with the conditions therein."

Annex

LETTER FROM MINISTER OF FOREIGN AFFAIRS OF LITHUANIA

Republic of Lithuania
Minister of Foreign Affairs

Vilnius, 02 September 2003

Excellency,

I have the honour to inform you that the Government of the Republic of Lithuania would like to request to restore Lithuanian's right to vote in the United Nations Industrial Development Organization (UNIDO), as great efforts have been made to settle its arrears to the UNIDO budget under a payment plan.

The substantial arrears accumulated by Lithuania are the result of the outdated system of apportionment of the expenditures in the organizations of the UN system, which over many years was unable to adequately take into account the Member State's capacity to pay, as well as timely reflect the changes in their economic and financial potential.

Being committed to the objectives of the UNIDO activities and wishing to continue fruitful cooperation, the Government of Lithuania is ready to settle its outstanding contributions, which have emerged due to the conditions beyond its control, and has signed a payment plan agreement with UNIDO on 6 March 2003, amounting to Euro 434,241 over a period of five years. The first installment of Euro 98,920 was paid on 12 June 2003, as stipulated in the agreement.

In view of this, I would like to ask the General Conference of the UNIDO to take a positive decision on restoring Lithuania's right to vote, commencing with the 10th session of the General Conference, based on the provisions of Article 5 of the UNIDO Constitution.

I should be grateful if this letter could be made available to the Member States of the Organization.

Please, accept, Excellency, the assurances of my highest consideration.

[*Signed*]

Antanas Valionis

H.E. Dr. Carlos Magariños
Director-General
United Nations Industrial Development Organization
UNIDO